

U.S. Department  
of Transportation

Federal Aviation  
Administration

# Advisory Circular

**Subject: LAND ACQUISITION AND  
RELOCATION ASSISTANCE FOR AIRPORT  
IMPROVEMENT PROGRAM ASSISTED  
PROJECTS**

**Date: 12/01/2000  
Initiated by: APP-600**

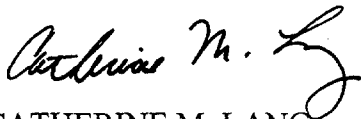
**AC No: 150/5100-17  
Change: 3**

1. **PURPOSE.** The purpose of this change is to update the AC, as described below.
  - a. This change provides for revised 49 CFR Part 24 implementing PL 105-117 that precludes relocation assistance and payments to persons in unlawful occupancy in the United States. These regulations were issued as a Final Rule on February 12, 1999 (64 FR 7127) and are effective as of March 15, 1999. PL 105-117 amended the Uniform Relocation Assistance and Real Property Policies Act (42 U.S.C. 4601 et seq.) effective November 21, 1997. A working draft of these was issued April 7, 1999. The additions to the AC to incorporate the regulation are as follows:
    - ➔ New paragraph 4-2, Aliens not Lawfully in the United States. This new provision provides the self-certification requirements to comply with the revised regulation. As noted in the change, an airport sponsor may meet the self-certification requirements by using the updated FAA relocation claim forms, Forms FAA 5100-124 and 125 currently available in electronic format at the FAA Airports internet web site at [www.faa.gov/arp/app600/600home.htm](http://www.faa.gov/arp/app600/600home.htm).
    - ➔ Paragraphs 4-2 to 4-13 renumbered to paragraphs 4-3 to 4-14.
    - ➔ New paragraph 4-3 b.(10), which includes illegal aliens as persons not displaced.
    - ➔ Paragraph 4-14b. provides for the required notice to be added to the "General Information Notice".
  - b. Modify paragraph 6-5, Claims for Replacement Housing Payments, to include provision concerning payment after death (49 CFR 24.403(f)).
  - c. Modify paragraph 6-11 c. entitled Carveouts, to delete requirement to adjust the replacement housing payment if the purchased dwelling provides for the feature or attribute carve-out.
  - d. Modify paragraph 6-11 c(3) to clarify application procedure for higher and better use carve-out.

- e. Include a new paragraph 6-11 i., to provide guidance on making replacement housing payments on a displaced homeowners occupancy of a previously owned dwelling, in conformance to 49 CFR 24.403 (g).
- f. Update Figures 6-3 and 6-4 to current Mortgage Interest Differential (MID) calculation forms, Forms 5100-123/123ARM available in electronic format at [www.faa.gov/arp/app600/600home.htm](http://www.faa.gov/arp/app600/600home.htm) .
- g. Revise paragraph 6-22, Housing of Last Resort Payments, to provide consistent payment procedures specified in 49 CFR Part 24 and to clarify the installment payment procedure required for Last Resort Housing rental assistance payments.
- h. The change number and date of change is shown at the top of each page.

#### PAGE CONTROL PAGE

Remove Pages	Dated	Insert Pages	Dated
iii to vi	3/29/96	iii & v	3/29/96
4-1 to 4-9	3/29/96	iv & vi	12/01/00
6-3 & 6-4	3/29/96	4-1 to 4-12	12/01/00
6-7 to 6-12	3/29/96	6-3	9/29/96
6-17	3/29/96	6-4	12/01/00
		6-7 to 6-11	12/01/00
		6-12	3/29/96
		6-17	12/01/00



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CHAPTER 1. GENERAL REQUIREMENTS.....	1-1
SECTION 1. FEDERAL-AID PREREQUISITES.....	1-1
1-1 PLANNING AND FEDERAL-AID PROGRAMMING.....	1-1
1-2 NEPA AND FAR 150 COORDINATION.....	1-1
1-3 PROJECT DEFINITION.....	1-1
1-4 REAL PROPERTY INTEREST TO BE ACQUIRED.....	1-1
SECTION 2. MINIMUM PROGRAM REQUIREMENTS.....	1-1
1-5 SPONSOR ORGANIZATION AND STAFFING REQUIREMENTS.....	1-1
1-6 RECORD KEEPING.....	1-4
1-7 APPEALS.....	1-4
1-8 NO DUPLICATION OF PAYMENTS.....	1-5
1-9 RELOCATION PAYMENTS NOT CONSIDERED INCOME.....	1-5
SECTION 3. PRELIMINARY PROJECT ACTIVITIES.....	1-5
1-10 RELOCATION ASSISTANCE PLANNING.....	1-5
1-11 PRELIMINARY TITLE INFORMATION, SURVEYS, AND PLATS.....	1-6
1-12 REALTY/PERSONALTY DETERMINATION.....	1-6
1-13 HAZARDOUS MATERIALS AND CONTAMINATION.....	1-6
CHAPTER 2. REAL PROPERTY APPRAISAL.....	2-1
2-1 APPRAISAL REQUIREMENTS.....	2-1
2-2 APPRAISER AND REVIEW APPRAISER QUALIFICATIONS.....	2-1
2-3 APPRAISAL MANAGEMENT.....	2-3
2-4 APPRAISAL STANDARDS.....	2-3
2-5 APPRAISAL REVIEW.....	2-5
2-6 CONFLICT OF INTEREST.....	2-6
2-7. APPRAISAL OF AVIGATION EASEMENTS.....	2-6
2-8 APPRAISAL OF PROPERTIES CONTAINING HAZARDOUS MATERIALS.....	2-10
CHAPTER 3. REAL PROPERTY ACQUISITION.....	3-1
3-1 GENERAL.....	3-1
3-2 NEGOTIATIONS PROCESS.....	3-1
3-3. ACQUISITION OF TENANT-OWNED IMPROVEMENTS.....	3-3
3-4 ADMINISTRATIVE SETTLEMENTS.....	3-4
3-5 CONDEMNATION.....	3-4
3-6 EXCESS LAND.....	3-5
3-7 DONATIONS.....	3-5
3-8 AVIGATION EASEMENTS.....	3-5
3-9 MINIMUM PAYMENT NEGOTIATIONS.....	3-6
3-10 UTILITY RELOCATION.....	3-6
3-11 EXPENSES INCIDENTAL TO TRANSFER OF TITLE.....	3-7
3-12 VOLUNTARY TRANSACTIONS.....	3-7
3-13 PURCHASE ASSURANCE & TRANSACTION ASSISTANCE.....	3-8

CHAPTER 4. RELOCATION ASSISTANCE REQUIREMENTS .....	4-1
SECTION 1. RELOCATION ASSISTANCE PROGRAM .....	4-1
4-1. GENERAL.....	4-1
4-2. ALIENS NOT LAWFULLY IN THE UNITED STATES.....	4-1
4-3. ELIGIBILITY FOR RELOCATION PAYMENTS.....	4-3
4-4. RELOCATION PERSONNEL.....	4-4
4-5. ACQUISITION STAGE RELOCATION PLAN.....	4-4
4-6. INFORMATION TO BE MAINTAINED.....	4-7
4-7. ELIGIBILITY FOR RELOCATION ADVISORY SERVICES.....	4-7
4-8. MINIMUM ADVISORY SERVICES REQUIREMENTS.....	4-7
4-9. COORDINATION WITH OTHER AGENCIES.....	4-8
4-10. ADVANCE PAYMENTS.....	4-8
4-11. DEDUCTIONS FROM RELOCATION PAYMENTS.....	4-8
4-12. CLAIMS FOR RELOCATION PAYMENTS.....	4-8
SECTION 2. RELOCATION NOTICES.....	4-8
4-13. RELOCATION INFORMATION TO BE PROVIDED AT A PUBLIC HEARING.....	4-8
4-14. MANNER OF NOTICES.....	4-8
CHAPTER 5. PAYMENTS FOR MOVING AND RELATED EXPENSES.....	5-1
SECTION 1. GENERAL REQUIREMENTS.....	5-1
5-1 ELIGIBILITY.....	5-1
5-2 INELIGIBLE MOVING AND RELATED EXPENSES.....	5-1
5-3 MOVING CLAIMS AND PAYMENTS.....	5-1
SECTION 2. RESIDENTIAL MOVES .....	5-2
5-4 ACTUAL, REASONABLE, AND NECESSARY MOVING EXPENSES.....	5-2
5-5 COMMERCIAL MOVE.....	5-2
5-7 FIXED PAYMENT FOR MOVING EXPENSES.....	5-2
SECTION 3. NON-RESIDENTIAL MOVES.....	5-4
5-8 ACTUAL, REASONABLE, AND NECESSARY MOVING EXPENSES.....	5-4
5-9 ACTUAL DIRECT LOSS OF TANGIBLE PERSONAL PROPERTY.....	5-4
5-10 PURCHASE OF SUBSTITUTE PERSONAL PROPERTY.....	5-5
5-11 HIGH BULK AND LOW VALUE.....	5-5
5-12 DIRECT LOSS OF ADVERTISING SIGNS.....	5-5
5-13 SEARCHING EXPENSES FOR A REPLACEMENT SITE.....	5-5
5-14 COMMERCIAL MOVE.....	5-5
5-15 SELF MOVE, ESTIMATED COST.....	5-6
5-16 SELF MOVE, ACTUAL COST.....	5-6
5-17 REESTABLISHMENT EXPENSES.....	5-7
5-18 NOTIFICATION AND INSPECTION.....	5-8
5-19 SPONSOR MONITORING OF THE MOVE.....	5-8
5-20 FIXED PAYMENT FOR MOVING EXPENSES.....	5-8

CHAPTER 6- REPLACEMENT HOUSING PAYMENTS.....	6-1
SECTION 1. GENERAL.....	6-1
6-1 GENERAL SPONSOR OBLIGATION.....	6-1
6-2 COMPARABLE REPLACEMENT DWELLING.....	6-1
6-3. DECENT, SAFE, AND SANITARY HOUSING INSPECTION.....	6-2
6-4. SPONSOR DSS CERTIFICATION.....	6-2
6-5 CLAIMS FOR REPLACEMENT HOUSING PAYMENTS.....	6-4
6-6 MULTIPLE OCCUPANCY OF ONE DISPLACEMENT DWELLING.....	6-4
6-7 CONVERSION OF PAYMENT.....	6-4
SECTION 2. 180 DAY OWNER OCCUPANTS.....	6-4
6-8 REPLACEMENT HOUSING PAYMENT ELIGIBILITY.....	6-4
6-9 REPLACEMENT HOUSING PAYMENT.....	6-4
6-10 PRICE DIFFERENTIAL.....	6-5
6-11 SPECIAL SITUATIONS AFFECTING PRICE DIFFERENTIAL.....	6-7
6-12. RENTAL ASSISTANCE PAYMENT FOR 180-DAY HOMEOWNER.....	6-9
6-13. MORTGAGE INTEREST DIFFERENTIAL (MID).....	6-9
6-14 INCIDENTAL EXPENSES.....	6-12
SECTION 3. 90-DAY OCCUPANT, OWNER OR TENANT.....	6-13
6-15 ELIGIBILITY.....	6-13
6-16 RENTAL ASSISTANCE PAYMENT.....	6-13
6-17 DOWNPAYMENT ASSISTANCE.....	6-14
SECTION 4. REPLACEMENT HOUSING OF LAST RESORT.....	6-14
6-18 DETERMINATION TO PROVIDE REPLACEMENT HOUSING OF LAST RESORT.....	6-14
6-19 METHODS OF PROVIDING COMPARABLE REPLACEMENT HOUSING.....	6-15
6-20 DISPLACED PERSON NOT MEETING LENGTH OF OCCUPANCY REQUIREMENTS.....	6-17
6-21 CONSEQUENTIAL DISPLACEMENT.....	6-17
6-22 DISBURSEMENT OF HOUSING OF LAST RESORT PAYMENTS.....	6-17
CHAPTER 7. MOBILE HOMES.....	7-1
7-1 GENERAL.....	7-1
7-2 ACTUAL MOVING EXPENSES.....	7-1
7-3 REPLACEMENT HOUSING PAYMENTS FOR 180 DAY MOBILE HOME OWNER OCCUPANT.....	7-1
7-4 REPLACEMENT HOUSING PAYMENT FOR 90 DAY MOBILE HOME OCCUPANT.....	7-2
7-5 ADDITIONAL RULES GOVERNING RELOCATION PAYMENTS TO MOBILE HOME OCCUPANTS.....	7-2
7-6 RECREATIONAL VEHICLES AND HOUSEBOATS.....	7-3
CHAPTER 8. PROPERTY MANAGEMENT.....	8-1
8-1 GENERAL.....	8-1
8-2 PROPERTY POSSESSION.....	8-1
8-3 OWNER RETENTION.....	8-1

8-4 RENTAL OF PROPERTY.....	8-1
8-5 DISPOSAL OF ACQUIRED IMPROVEMENTS.....	8-2
8-6 RODENT AND PEST CONTROL.....	8-2
ASBESTOS REMOVAL AND DISPOSAL.....	8-2
8-7 INCOME FROM PROPERTY MANAGEMENT.....	8-2
 CHAPTER 9. SPONSOR CERTIFICATION .....	9-1
9-1 TITLE EVIDENCE.....	9-1
9-2 COMPLIANCE TO THE UNIFORM ACT (49 CFR PART 24).....	9-1
9-3 FAA MONITORING.....	9-1
9-4. GUIDELINES FOR SPONSOR CERTIFICATION OF TITLE.....	9-5
 APPENDIX 1. LIST OF FAA RECOMMENDED FORMS.....	5 pages
APPENDIX 2. MOBILE HOME REPLACEMENT HOUSING PAYMENT ELIGIBILITY....	12 pages
APPENDIX 3. SPONSOR QUALITY CONTROL PROGRAM, LAND ACQUISITION AND RELOCATION PROJECTS. ....	4 pages
APPENDIX 4. GUIDELINES FOR SPONSOR CERTIFICATION OF TITLE.....	8 pages

## LIST OF FIGURES

FIGURE 1-1 EXHIBIT "A" PROPERTY MAP REQUIREMENTS .....	1-2
FIGURE 1-2 GENERAL PARCEL WORK FLOW.....	1-3
FIGURE 2-1 APPRAISER AND REVIEW APPRAISER QUALIFICATIONS.....	2-2
FIGURE 2-2 APPRAISAL REPORT REQUIREMENTS .....	2-4
FIGURE 2-3 AVIGATION RIGHTS.....	2-7
FIGURE 3-1 OFFER LETTER AND SUMMARY STATEMENT .....	3-2
FIGURE 4-1A DISPLACED OCCUPANT QUESTIONNAIRE - RESIDENTIAL.....	4-5
FIGURE 4-1B DISPLACED OCCUPANT QUESTIONNAIRE -BUSINESS/NPO .....	4-6
FIGURE 4-2 NOTICE OF ELIGIBILITY (OWNER) AND 90 DAY NOTICE TO VACATE .....	4-10
FIGURE 4-3 NOTICE OF ELIGIBILITY (TENANT) AND 90 DAY NOTICE TO VACATE.....	4-11
FIGURE 4-4 SAMPLE NOTICE OF ELIGIBILITY, NON-RESIDENTIAL MOVE.....	4-12
FIGURE 5-1 FIXED RESIDENTIAL MOVING COST SCHEDULE (6/14/91 ISSUE DATE).....	5-3
FIGURE 6-1 DSS INSPECTION AND CERTIFICATION.....	6-3
FIGURE 6-2 COMPARABLE PROPERTY EVALUATION.....	6-6
FIGURE 6-3 MORTGAGE INTEREST DIFFERENTIAL PAYMENT COMPUTATION FIXED RATE MORTGAGE.....	6-10
FIGURE 6-4 MORTGAGE INTEREST DIFFERENTIAL PAYMENT COMPUTATION- ADJUSTABLE RATE MORTGAGE (ARM).....	6-11
FIGURE 9-1 SPONSOR CERTIFICATION FOR REAL PROPERTY ACQUISITION .....	9-2
FIGURE 9-2 ACQUISITION/RELOCATION RECORDS CHECKLIST.....	9-4

## CHAPTER 4. RELOCATION ASSISTANCE REQUIREMENTS

### SECTION 1. RELOCATION ASSISTANCE PROGRAM

**4-1. GENERAL.** It is the sponsor's obligation under the Uniform Act to provide an adequate relocation assistance program that insures the prompt and equitable relocation and reestablishment of persons displaced as a result of it's Federally assisted airport projects. The term "person" as defined in the Uniform Act, and as will be used in this AC, refers to any individual (residential or business occupant), family, partnership, corporation, or association. Sponsors shall provide advisory assistance and conduct the relocation program so that displaced persons receive uniform and consistent services and payments regardless of race, color, sex, national origin. The sponsor shall maintain adequate documentation to evidence compliance to the Uniform Act and their grant assurances provided to FAA.

#### **4-2. ALIENS NOT LAWFULLY IN THE UNITED STATES. AS PROVIDED AT 49 CFR 24.208:**

##### **a. DEFINITIONS**

**(1) ALIEN NOT LAWFULLY PRESENT IN THE UNITED STATES.** An alien who is not "lawfully present" in the United States as defined in 8 CFR 103.12 and includes:

a. An alien present in the United States who has not been admitted or paroled into the United States pursuant to the Immigration and Nationality Act and whose stay in the United States has not been authorized by the United States Attorney General, and

b. An alien who is present in the United States after the expiration of the period of stay authorized by the United States Attorney General or who otherwise violates the terms and conditions of admission, parole or authorization to stay in the United States.

**(2) CITIZEN.** The term "citizen" for purposes of determining eligibility under the Uniform Act and 49 CFR Part 24, includes both citizens of the United States and noncitizen nationals.

**b. SELF CERTIFICATION.** Each person seeking relocation payments or relocation advisory assistance shall, as a condition of eligibility, **CERTIFY:**

**(1)** In the case of an individual, that he or she is either a citizen or national of the United States.

**(2)** In the case of a family, that each family member is either a citizen or national of the United States, or an alien who is lawfully present in the United States. The certification may be made by the head of the household on behalf of other family members.

**(3)** In the case of an unincorporated business, farm, or nonprofit organization, that each owner is either a citizen or national of the United States or an alien who is lawfully present in the United States. The certification may be made by the principal owner, manager, or operating officer on behalf of other persons with an ownership interest.

**(4)** In the case of incorporated business, farm, or nonprofit organization, that the corporation is authorized to conduct business within the United States.

**NOTE:** These certifications are provided on FAA Form 125, "Residential Relocation Claim Form" and on FAA Form 124, "Non-Residential Relocation Claim" revised March 1999, available from FAA. The certification provided pursuant to paragraphs b.(1), b.(2), and b.(3) of this paragraph shall indicate whether such person is either a citizen or national of the United States, or an alien who is lawfully present in the United States.

**c. Payments.** In computing relocation payments under the Uniform Act (see chapters 5 and 6), if any member(s) of a household or owner(s) of an unincorporated business, farm, or nonprofit organization is (are) determined to be ineligible because of a failure to be legally present in the United States, no relocation payments may be made to him or her. Any payment(s) for which such household, unincorporated business, farm, or nonprofit organization would otherwise be eligible shall be computed for the household, based on the number of eligible household members and for the unincorporated business, farm, or nonprofit organization, based on the ratio of ownership between eligible and ineligible owners.

**d. Certification Acceptance.** The displacing agency shall consider the certification provided to be valid, unless the displacing agency determines in accordance with **f.** below that it is invalid based on a review of an alien's documentation or other information that the agency considers reliable and appropriate.

**e. Nondiscriminatory Certification Review.** Any review by the displacing agency of the certifications provided shall be conducted in a nondiscriminatory fashion. Each airport sponsor will apply the same standard of review to all such certifications it receives, except that such standard may be revised periodically.

**f. Verification.** If, based on a review of an alien's documentation or other credible evidence, an airport sponsor has reason to believe that a person's certification is invalid (for example a document reviewed does not on its face reasonably appear to be genuine), and that, as a result, such person may be an alien not lawfully present in the United States, it shall obtain the following information before making a final determination.

(1) If the airport sponsor has reason to believe that the certification of a person who has certified that he or she is an alien lawfully present in the United States is invalid, the airport sponsor shall obtain verification of the alien's status from the local Immigration and Naturalization Service (INS) Office. A list of local INS offices was published in the Federal Register in November 17, 1997 at 62 FR 61350. Any request for INS verification shall include the alien's full name, date of birth and alien number, and a copy of the alien's documentation.

(2) If the airport sponsor has reason to believe that the certification of a person who has certified that he or she is a citizen or national is invalid, the displacing agency shall request evidence of United States citizenship or nationality from such person and, if considered necessary, verify the accuracy of such evidence with the issuer.

**g. Denial of Relocation Benefits.** No relocation payments or relocation advisory assistance shall be provided to a person who has not provided the certification described in this paragraph or who has been determined to be not lawfully present in the United States, unless such person can demonstrate to the airport sponsor's satisfaction that the denial of relocation benefits will result in an exceptional and extremely unusual hardship to such person's spouse, parent, or child who is a citizen of the United States, or is an alien lawfully admitted for permanent residence in the United States.

**h. Exceptional and Extremely Unusual Hardship.** For purposes this paragraph, "exceptional and extremely unusual hardship" to such spouse, parent, or child of the person not lawfully present in the United States means that the denial of relocation payments and advisory assistance to such person will directly result in:

(1) A significant and demonstrable adverse impact on the health or safety of such spouse, parent, or child;

(2) A significant and demonstrable adverse impact on the continued existence of the family unit of which such spouse, parent, or child is a member; or

(3) Any other impact that the displacing agency determines will have a significant and demonstrable adverse impact on such spouse, parent, or child.

**4-3. ELIGIBILITY FOR RELOCATION PAYMENTS.** All persons displaced from or for an AIP assisted project may be eligible for relocation assistance and payments.

**a. Displaced Persons.** The term "displaced person" as defined in the Uniform Act means any person who moves from the real property or moves personal property from the real property:

(1) As a direct result of a written notice of intent to acquire, the initiation of negotiations for, or the acquisition of, such real property in whole or in part for a project.

(2) As a direct result of rehabilitation or demolition for a project; or

(3) As a direct result of a written notice of intent to acquire, or the acquisition, rehabilitation or demolition of, in whole or in part, other real property on which the person conducts a business or farm operation, for a project. However, eligibility for such person applies only for purposes of obtaining relocation assistance advisory services and moving expenses.

**b. Persons not displaced.** The following is a non-exclusive listing of persons who do not qualify as displaced persons under the Uniform Act:

(1) A person who moves before the initiation of negotiations, unless the sponsor determines that the person was displaced as a direct result of the program or project; or

(2) A person who initially enters into occupancy of the property after the date of its acquisition for the project; or

(3) A person who has occupied the property for the purpose of obtaining assistance under the Uniform Act; or

(4) A person who is not required to relocate permanently as a direct result of a project. Because occupants in this category are not necessarily considered displaced persons care must be exercised to ensure that they are treated fairly and equitably on the sponsor's AIP assisted programs. Tenants on airport property (fixed base operators, terminal tenants, etc.) being renovated or demolished under an AIP assisted project may or may not be considered displaced persons depending on their existing lease terms for the right of continued occupancy. A increase in rent corresponding to improved facilities is not considered sufficient justification to consider a existing tenant displaced, even though the tenant may decline the opportunity to re-lease property from the airport. or;

(5) An owner-occupant who moves as a result of a "voluntary" acquisition, as specifically defined at paragraph 3-12. However, a tenant displaced as a direct result of a "voluntary" transaction is a displaced person and is entitled to the relocation assistance and payments that he/she may be eligible for under the Uniform Act, or;

(6) A person whom the sponsor determines is not displaced as a direct result of a partial acquisition; or

(7) A person who, after receiving a notice of relocation eligibility, is notified in writing that displacement from the project will not occur. Such notice shall not be issued unless the person has not moved and the sponsor agrees to reimburse the person for any expenses incurred to satisfy any binding contractual relocation obligations entered into after the effective date of the notice of relocation eligibility; or

(8) A person who retains the right of use and occupancy of the real property for life following its acquisition by the sponsor; or

(9) A person who is determined to be in unlawful occupancy prior to the initiation of negotiations, or a person who has been evicted for cause under applicable law. Eviction for cause must conform to applicable state and local law. Any person not in unlawful occupancy at the initiations of negotiations is presumed to be entitled to relocation assistance and payments unless the sponsor determines that:

a. The person received an eviction notice prior to the initiation of negotiations and, as a result of that notice is later evicted; or

b. The person is evicted after the initiation of negotiations for serious and repeated violation of material terms of the lease or occupancy agreement; and

c. In either case the eviction was not undertaken for purpose of evading the obligation to make available the relocation assistance and payments.

(10) A person who is not lawfully present in the United States and who has been determined to be ineligible for relocation benefits in accordance with paragraph 4-2.

**4-4. RELOCATION PERSONNEL.** Each airport project where relocation will occur should have assigned to it qualified individuals who will have the primary responsibility of administering the relocation assistance program.

**4-5. ACQUISITION STAGE RELOCATION PLAN.** Immediately prior to commencing negotiations on the project an acquisition stage relocation plan is prepared based on interview of the identified displaced persons. The sponsor should conduct this interview in person at the displaced person's residence or place of business. Information to be gathered at this initial contact, as applicable, is the length of occupancy on the property, the number and characteristics of the family members, habitable living area, household income, and other information needed to determine the relocation needs and payment eligibility of the displaced person. For tenant occupied properties, the sponsor should obtain a statement of occupancy from the property owner specifying the name of the occupants, date of occupancy, amount of rent, and any other pertinent information. The property owner should be advised that tenant occupants are being contacted to determine their relocation eligibilities and entitlements. Figure 4-1A & B provides a sample questionnaire to conduct the interview and record necessary information for a residential displacee and a business/NPO displacee. The information gathered at this stage is the fundamental information required for the sponsor to determine the replacement property needs and time frame required to complete an adequate relocation of displaced persons.

At this initial interview the sponsor should advise and emphasize to displaced persons that their eligibility for relocation payments is **not** established until the initiation of negotiations for the acquisition of the property. The sponsor should clearly advise the displaced person not to take any action in anticipation of receiving benefits until the sponsor notifies them in writing that the property will be acquired and that they are entitled to relocation payments, (see paragraph 4-11). The sponsor should advise the displaced person of the anticipated date for the initiation of negotiations and that the displaced person may contact the sponsor at any time should they have questions about their relocation.

Figure 4-1A: Sample Displaced Occupant Questionnaire - Residential

Project No.: \_\_\_\_\_; AIP No.: \_\_\_\_\_, Parcel No.: \_\_\_\_\_,  
 Name: \_\_\_\_\_ Address: \_\_\_\_\_

How long at this address: \_\_\_\_\_

**Household Composition:**

Relationship	Age	Sex	Employer/School - Distance - Transportation	Gross Income

Remarks:(Special needs for relocation, considerations, etc.)

Distance to:Public Transportation: \_\_\_\_\_; Groceries: \_\_\_\_\_; Shopping: \_\_\_\_\_ Recreation: \_\_\_\_\_; Church: \_\_\_\_\_,  
 other: \_\_\_\_\_

**Acquired Property Data: (Appraisal and on site verification)**

Structure Type: \_\_\_\_\_ Age: \_\_\_\_\_ Condition: \_\_\_\_\_; Rooms: Total: \_\_\_\_\_, Bedrooms: \_\_\_\_\_, Bath(s): \_\_\_\_\_;

Bsmt: \_\_\_\_\_ F \_\_\_\_\_ P \_\_\_\_\_ finished; Laundry/mud Rm: \_\_\_\_\_; Storage: \_\_\_\_\_ Heat: \_\_\_\_\_; Fuel \_\_\_\_\_, A/C: \_\_\_\_\_; Fireplace: \_\_\_\_\_;

Other interior amenities/features: \_\_\_\_\_

Exterior:Garage: \_\_\_\_\_; Deck/Patio: \_\_\_\_\_; Pool: \_\_\_\_\_; Outbldgs/Sheds \_\_\_\_\_; Other: \_\_\_\_\_ Neighborhood type: \_\_\_\_\_

DSS? \_\_\_\_\_, If No, cite deficiencies: \_\_\_\_\_

**Ownership Info:** Mortgage Amt: \_\_\_\_\_; Mortgage Date: \_\_\_\_\_; Original Term: \_\_\_\_\_; Interest Rate: \_\_\_\_\_ Fixed/ARM

Current Balance: \$ \_\_\_\_\_; Remaining Term: \_\_\_\_\_; Current Monthly Payment: \$ \_\_\_\_\_ Escrow Amounts: \$ \_\_\_\_\_

ARM Specifications: Index: \_\_\_\_\_, Annual adjustment cap: \_\_\_\_\_, Overall Cap: \_\_\_\_\_, Loan Adjustment Date: \_\_\_\_\_

**Tenant Info:** Lease Date: \_\_\_\_\_ Term: \_\_\_\_\_ Landlord/Property Manager: \_\_\_\_\_, Phone: \_\_\_\_\_

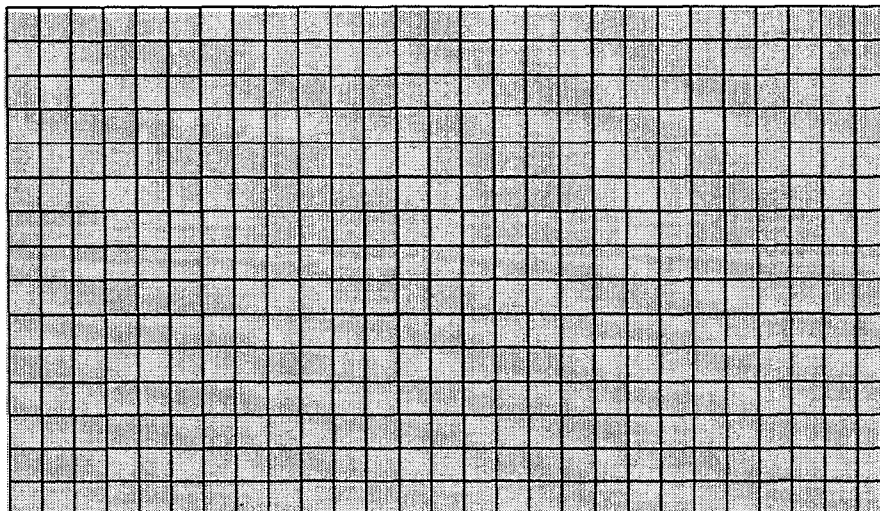
Monthly Rent: \_\_\_\_\_, Monthly Utilities: \_\_\_\_\_ (only heat/elect./water/sewer)

**Comparable Property Needs:** Habitable Area: \_\_\_\_\_ sqft, DSS Need \_\_\_\_\_ sqft; Rooms: \_\_\_\_\_ total, \_\_\_\_\_ bedrooms, \_\_\_\_\_ baths

**Replacement Housing Preferences:** Purchase \_\_\_\_\_ Rent: \_\_\_\_\_, Location(s): \_\_\_\_\_

Type of Dwelling?: \_\_\_\_\_ Price Range: \$ \_\_\_\_\_ to \$ \_\_\_\_\_, Other: \_\_\_\_\_

Housing of Last Resort Required?: \_\_\_\_\_ Yes \_\_\_\_\_ No

**FLOOR PLAN SKETCH**

Room	Size sq.ft.
Kitchen	
Living Rm	
Dining Rm	
Family Rm	
Bedroom	
Bedroom	
Bedroom	
Bedroom	
Bsmt (fin. sqft)	
Laundry/mud rm	
Total Habitable Area	

**Figure 4-1B: Sample Displaced Occupant Questionnaire - Business/NPO**

Project # \_\_\_\_\_; AIP #: \_\_\_\_\_, Parcel #: \_\_\_\_\_,  
 Name: \_\_\_\_\_ Owner: \_\_\_\_\_ Tenant: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 How long at this address: \_\_\_\_\_

Business/NPO Name: \_\_\_\_\_

Description of Business: \_\_\_\_\_

Estimated Average Annual Net Income: \$ \_\_\_\_\_, Source: \_\_\_\_\_

Number of Employees on site: \_\_\_\_\_

**Acquired Property Data: Major Building: (Appraisal and on site verification)**

Structure Type: \_\_\_\_\_ Age: \_\_\_\_\_ Condition: \_\_\_\_\_; Floors: \_\_\_\_\_ Total Sq.Ft: \_\_\_\_\_ Office Sq.Ft: \_\_\_\_\_, Warehouse/Plant  
 Sq.Ft: \_\_\_\_\_; Loading dock: \_\_\_\_\_; Bays: \_\_\_\_\_; Floor Spans: \_\_\_\_\_; Flooring: \_\_\_\_\_

HV/AC: \_\_\_\_\_, Furnace: \_\_\_\_\_; Cold stg. \_\_\_\_\_; etc.: \_\_\_\_\_

Exterior: Parking Area: \_\_\_\_\_; %Paved: \_\_\_\_\_; Storage: \_\_\_\_\_ Garages/Sheds/Storage Bldgs: \_\_\_\_\_

Tanks: \_\_\_\_\_ Ponds: \_\_\_\_\_ Excess land: \_\_\_\_\_

Utilities: Elec: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ Gas: \_\_\_\_\_, \_\_\_\_\_; Oil: \_\_\_\_\_,

Water: \_\_\_\_\_ (gal cap.); Sewer: \_\_\_\_\_ (gal.cap.) On-site tanks: Fuel: \_\_\_\_\_, chemical: \_\_\_\_\_, Waste: \_\_\_\_\_.

**Business Site features:**

Street/highway Access: \_\_\_\_\_ - Visibility: \_\_\_\_\_ Rail: \_\_\_\_\_; Airport: \_\_\_\_\_

Phone/Communications/Computer Facilities: \_\_\_\_\_

Zoning: \_\_\_\_\_, Licenses/Permits:(operational, zoning, waste disposal): \_\_\_\_\_

Other features: \_\_\_\_\_

**Customer/Trade Area Description:**

**Personal Property:(General Description/Volume):** \_\_\_\_\_

Machinery; Lists types \_\_\_\_\_

**Replacement Property Requirements:**

Locations: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

Zoning: \_\_\_\_\_, Utilities: \_\_\_\_\_

Buildings: \_\_\_\_\_

Site: \_\_\_\_\_

Purchase/Rental Range: \$ \_\_\_\_\_ to \$ \_\_\_\_\_

**Business/NPO Owner/Operator's Concerns:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**4-6. INFORMATION TO BE MAINTAINED.** On a project wide basis the sponsor shall maintain current listings of comparable replacement dwellings available, without regard to race, color, religion, or national origin, drawn from various sources and suitable in price, size, and condition for the individuals and families to be displaced for the project. Listing information should be secured from Multiple Listing Services (MLS) of the local Realtor boards, newspaper and other published listings, and private listings. This information shall be maintained current and will be relied on to document the thoroughness of the sponsor's relocation assistance efforts. This housing supply information is relied on to identify and select the "most" comparable property for determining the replacement housing payment eligibility, (see Chapter 6).

To assist displaced businesses, farms, or non-profit organizations, the sponsor shall maintain available listings and contacts with commercial and agricultural real estate brokers, commercial lenders, and government economic development agencies to assist displaced person's to locate suitable replacement sites.

**4-7. ELIGIBILITY FOR RELOCATION ADVISORY SERVICES.** Relocation assistance advisory services, as described in paragraph 4-8 below, shall be offered to all persons occupying property to be acquired, and may be offered to all persons occupying property immediately adjacent to the real property acquired if the sponsor determines that such person or persons are caused substantial economic injury because of the acquisition..

**4-8. MINIMUM ADVISORY SERVICES REQUIREMENTS.** The sponsor's relocation advisory services program shall include, **at a minimum**, such measures, facilities, and services as may be necessary or appropriate to:

a. Determine the relocation needs and preferences of each person to be displaced and explain the relocation payments and other assistance for which the person may be eligible, the related eligibility requirements, and the procedures for obtaining such assistance, (see paragraph 4-5).

b. Provide current and continuing information on the availability, purchase prices, and rental costs of comparable replacement dwellings, and explain that a person cannot be required to move unless at least one comparable replacement dwelling is made available (see paragraph 6-1).

c. As soon as feasible, the sponsor shall inform the person in writing of the specific comparable replacement dwelling and the price or rent used for establishing the upper limit of the replacement housing payment. Where feasible, selected replacement housing shall be inspected prior to being made available to assure that it meets comparability requirements and DSS standards. If such an inspection is not made, the person to be displaced shall be notified that a replacement housing payment may not be made unless the replacement dwelling to be purchased is subsequently inspected and determined to be decent, safe, and sanitary, (see Chapter 6).

d. Whenever possible, minority persons shall be given reasonable opportunities to relocate to decent, safe, and sanitary replacement dwellings, not located in an area of minority concentration, that are within their financial means. This policy, however, does not require the sponsor to provide a person a larger payment than is necessary to enable that person to relocate to a comparable replacement dwelling.

e. As necessary, all persons, especially the elderly and handicapped, shall be offered transportation to inspect housing to which they are referred.

f. Provide current and continuing information on the availability, purchase prices and rental costs of suitable commercial and farm properties and locations. Assist any person displaced from a business or farm operation to obtain and become established in a suitable replacement location.

g. Supply persons to be displaced with appropriate information concerning Federal and State housing programs, disaster loans, programs administered by the Small Business Administration, and other Federal and State programs offering assistance to displaced persons. Technical help should be provided to those persons applying for such assistance.

h. Minimize hardships to persons in adjusting to relocation by providing counseling, advice as to other sources of assistance that may be available, and such other help as may be appropriate.

i. Provide that any person who occupies property acquired by the sponsor, when such occupancy began subsequent to the acquisition of the property, and the occupancy is permitted by a short term rental agreement or an agreement subject to termination when the property is needed for a program or project, shall be eligible for advisory services, as determined by the sponsor.

**4-9. COORDINATION WITH OTHER AGENCIES.** To conduct a successful relocation program, relocation staff should maintain personal contact and exchange information with other agencies providing services useful to persons being relocated. Such agencies may include urban renewal agencies, redevelopment authorities, public housing authorities, the Department of Housing and Urban Development (HUD), Veterans Administration (VA), and Small Business Administration (SBA). Personal contacts should also be maintained with local sources of information on private replacement properties, including real estate brokers, real estate boards, property managers, apartment owners and operators, and home building contractors.

**4-10. ADVANCE PAYMENTS.** If a person demonstrates the need for an advance relocation payment in order to avoid or reduce a hardship, the sponsor shall issue the payment, subject to safeguards as are appropriate to ensure the objective of the payment is accomplished.

**4-11. DEDUCTIONS FROM RELOCATION PAYMENTS.** The sponsor shall deduct the amount of any advance relocation payment from the relocation payment(s) to which a displaced person is otherwise entitled. Similarly, the sponsor may deduct from relocation payments any rent that the displaced person owes the sponsor, provided that no deduction shall be made if it would prevent a person displaced from their residence from obtaining a comparable replacement dwelling, as provided by this AC. The sponsor shall not withhold any part of a relocation payment to a displaced person to satisfy an obligation to any other creditor.

**4-12. CLAIMS FOR RELOCATION PAYMENTS.** Claims for a relocation payments shall be made by the displaced person within 18 months following the later of the date of moving from or the date of the final payment for the acquired property. This time period may be extended by the sponsor for good cause. Claims for a relocation payments shall be signed, dated, and be supported by such documentation as may be reasonably required to support expenses incurred, such as lowest approved bid or estimate, bills, certified prices, or other evidence of such expenses. The displaced person must be provided reasonable assistance necessary to complete and file any required claim for payment. FAA Forms 5100-124 and -125 may be used as claim forms.

If the sponsor disapproves all or part of a payment claimed or refuses to consider the claim on its merits because of untimely filing or other grounds, it shall promptly notify the claimant in writing of its determination, the basis for its determination, and the procedures for appealing that determination, (see paragraph 1-7 regarding the required appeal process).

## SECTION 2. RELOCATION NOTICES

**4-13. RELOCATION INFORMATION TO BE PROVIDED AT A PUBLIC HEARING.** Relocation information should be presented at public hearings or meetings that may be required under the AIP grant process or other project procedures, when pertinent. This information describing relocation benefits and limitations may be provided by the relocation brochure described in paragraph 4-14(a).

**4-14. MANNER OF NOTICES.** Relocation notices shall be personally served or sent by certified or registered first-class mail, return receipt requested and documented in the sponsor's files. The sponsor shall provide notices with appropriate language translation and with adequate interpretative assistance to those displaced persons who may be unable to understand a written English language notice. Each notice shall indicate the name and telephone number of the person who may be contacted for answers to questions or other needed help. Required notices are as follows:

**a. Relocation Brochure.** The sponsor shall distribute a brochure that explains the relocation program for AIP assisted projects. The brochure will be distributed free of charge at public hearings and given to any prospective displaced person upon request. The FAA has developed a brochure entitled "Land Acquisition for Public Airports" that is available for use on sponsor projects.

**b. General Information Notice.** As soon as feasible, persons scheduled to be displaced shall be given a general written description of the sponsor's relocation program. The relocation brochure referenced above may be used for this purpose when personally presented and explanation provided of the application to the displaced person's case.

This notice shall inform that any person who is an alien not lawfully present in the United States is ineligible for relocation advisory services and relocation payments, unless such ineligibility would result in exceptional and extremely unusual hardship to a qualifying spouse, parent, or child, as defined in paragraph 4-2 a. (49 CFR 24.208(i)).

**c. Notice of Relocation Eligibility.** At or promptly following the initiation of negotiations the sponsor shall notify all occupants in writing of their eligibility for applicable relocation assistance and payments. This notice shall cite the specific relocation payment eligibility for the displaced person, and shall identify and offer relocation assistance to the displaced person. Figure 4-2 provides a sample notice letter to a owner occupant of a residential property.

Tenant occupants are entitled to relocation payments as of the initiation of negotiations, and a tenant occupant shall be advised of relocation payment eligibility on or promptly after this date. At delivery of this notice tenant occupants should be advised that they remain liable to their existing lease with the property owner until the sponsor acquires possession of the property. For voluntary transactions, (see paragraph 3-12), tenant occupants should further be advised that the property may not be acquired if agreement is not secured with the property owner, and that the tenant should not initiate a move from the property until the tenant is advised by the sponsor that property is actually to be acquired. To assure equitable treatment of displaced persons the sponsor must commit to the acquisition of the property within the lease term of tenant occupants. Figure 4-3 provides a sample notification letter to a residential tenant occupant.

After the initiation of negotiations but prior to any occupant moving from the property, should the sponsor decide not to acquire a property, either amicably or by exercise of eminent domain, the owner and/or tenant occupants shall be advised in writing that the property will not be acquired and that they will not be displaced from the property. Occupants may claim for payment actual, reasonable, and necessary relocation expenses they may have incurred prior to being notified that they will not be displaced, (see paragraph 4-3B(7), "Persons Not Displaced").

**d. Ninety-Day Notice to Vacate.** No lawful occupant shall be required to move unless he or she has received at least 90 days advance written notice of the earliest date by which they may be required to move. The 90 day notice shall either state a specific date as this earliest date, or state that the occupant will receive a further notice indicating, at least 30 days in advance, the specific date to vacate the property. For residential property, if the 90 day notice is issued before a comparable replacement dwelling is made available, (as provided in Chapter 6), the notice shall state the occupant will not have to move earlier than 90 days after such a dwelling is made available. Typically for residential property it is recommended that the 90 day notice be provided with the notice of relocation eligibility, as shown in Figures 4-2 and 4-3.

Figure 4-4 provides an example of a notice to a displaced business occupant, noting eligible cost for a non-residential move (as provided in Chapter 5, Section 3). This sample reflects a somewhat "simple" business move, and on more complex moves several and separate notices may be required to adequately notify the displaced person of their payment eligibility.

**FIGURE 4-2: NOTICE OF ELIGIBILITY (OWNER) AND 90 DAY NOTICE TO VACATE**

Dear Mr. & Mrs. Homeowner:

As you are aware, the Airport Authority is currently acquiring property needed for the proposed expansion of the Airville Municipal Airport and has initiated negotiations to acquire your property. As an owner-occupant for at least 180 consecutive days prior to the initiation of negotiations for the property, you are eligible for the certain relocation assistance payments to assist your relocation to a replacement property. Your eligible payment amounts have been determined in accordance with the Airport Authority's approved relocation assistance program for Federally assisted projects. Please refer to the enclosed brochure entitled, "Land Acquisition for Public Airports", for detailed information on the airport's relocation assistance process. Your payment eligibility is estimated as follows.

- 1. Moving expenses.** The actual reasonable and necessary expenses for moving personal property, accomplished by a commercial mover and supported by receipted bills, or a fixed payment of \$\_\_\_\_, based on a schedule of payments for the number of rooms of personal property you are required to move.
- 2. Replacement Housing Payment.** A survey and study of the property available to replace your dwelling finds that you are eligible for a maximum replacement housing payment of \$\_\_\_\_, provided you purchase and occupy a decent, safe, and sanitary dwelling with a total cost of \$\_\_\_\_, or more. This replacement housing payment eligibility is based on a property located at (address) which is listed for sale at \$\_\_\_\_. The payment eligibility has been adjusted to reflect the current market conditions where property typically sells for X% less than the market list price.
- 3. Incidental expenses.** You will be reimbursed actual and reasonable expenses incurred on closing the purchase of a comparable replacement dwelling. This amount is estimated to be \$\_\_\_\_.
- 4. Increased Mortgage Interest.** You are eligible for the increased interest cost you incur for a conventional mortgage on a replacement property to the extent of the remaining balance and term of the mortgage on the acquired property. This payment is estimated to be \$\_\_\_\_, which compensates the increased interest cost of a replacement mortgage (maximum\*) interest rate of X% versus the X% rate of your current mortgage, for a loan amount equal to your current mortgage balance of \$\_\_\_\_, and a remaining term of X months. This payment will reduce the replacement mortgage balance to an amount where the monthly payment at the higher current (potential\*) interest rate will not exceed the monthly amortization payment on the pre displacement mortgage. In addition loan origination fees incurred on a replacement mortgage, **not to exceed cost corresponding to the amount of the mortgage balance on the acquired dwelling**, are reimbursable.

Ms. Karen Wilson is the Airport Authority's representative assigned as needed to assist your relocation. Ms. Wilson will further explain the relocation process and answer your questions concerning your relocation payments. In order for you to maintain eligibility for subsequent relocation payments, please advise and consult with Ms. Wilson before committing to or taking any action regarding purchasing a replacement property or moving your personal property.

At this time it is necessary to advise you that you will have at least 90 days to remain on your property. At a later date, and after the Airport Authority has acquired the property, you will be provided a 30 day notice citing a specific date for you to vacate the acquired property. Ms. Wilson's phone number is given below, and please do not hesitate to contact her should have any questions or concerns regarding your potential relocation.

Sincerely,

Airport Manager

**Ms. Karen Wilson  
Real Estate Officer  
Phone: 555-1234**

**FIGURE 4-3: NOTICE OF ELIGIBILITY (TENANT) AND 90 DAY NOTICE TO VACATE**

Dear Mr. Tenant:

As you may be aware, the Airport Authority is currently acquiring property needed for the proposed expansion of the Airville Municipal Airport and has initiated negotiations to acquire the property you currently are renting. As a tenant-occupant for at least 90 consecutive days prior to the initiation of negotiations for the property, you are eligible for the certain relocation assistance payments to assist your relocation to a replacement property. Your eligible payment amounts have been determined in accordance with the Airport Authority's approved relocation assistance program for Federally assisted projects. Please refer to the enclosed brochure entitled, "Land Acquisition for Public Airports", for detailed information on the airport's relocation assistance process. Your payment eligibility is estimated as follows.

**1. Moving expenses.** Actual reasonable and necessary expenses for moving personal property, accomplished by a commercial mover and supported by receipted bills, or a fixed payment of \$\_\_\_\_, based on a schedule of payments for the number of rooms of personal property you are required to move.

**2. Replacement Housing Payment.** A survey and study of the property available to replace your dwelling finds that you are eligible for a maximum replacement housing payment of \$\_\_\_\_, provided you lease and occupy a decent, safe, and sanitary dwelling with monthly rent and utilities of \$\_\_\_\_, or more. This replacement housing payment eligibility is based on a property located at (address) which is available for rent at \$\_\_\_\_, and estimated monthly utility cost of \$\_\_\_\_. The amount of the replacement housing payment is the additional cost of a comparable replacement dwelling for a period of 42 months following your displacement from the acquired property. The payment eligibility assures that monthly rent and utility cost does not exceed 30% of your gross monthly income.

**3. Downpayment Option.** You may, at your option, apply your replacement housing payment eligibility as a "required" downpayment for the purchase of a replacement dwelling. If the amount of the required downpayment is greater than the rental replacement housing payment eligibility above, the higher amount will be paid not to exceed \$5,250.00. The "required downpayment" means the downpayment ordinarily required to obtain conventional loan financing on the decent, safe, and sanitary dwelling you actually purchase. The full amount of the downpayment must be applied to the purchase price of the dwelling and related incidental expenses.

Ms. Karen Wilson is the Airport Authority's representative assigned as needed to assist your relocation. Ms. Wilson will further explain the relocation process and answer your questions concerning your relocation payments. In order for you to maintain eligibility for subsequent relocation payments, please advise and consult with Ms. Wilson before committing to or taking any action regarding purchasing a replacement property or moving your personal property.

At this time it is necessary to advise you that you will have at least 90 days to remain on your property. At a later date, and after the Airport Authority has acquired the property, you will be provided a 30 day notice citing a specific date for you to vacate the acquired property. **However, please be advised that prior to the Airport Authority acquisition of your leased property you remain obligated to your present lease for payment of rent and other terms and conditions of your lease.** Ms. Wilson's phone number is given below, and please do not hesitate to contact her should have any questions or concerns regarding your potential relocation.

Sincerely

Airport Manager

Ms. Karen Wilson  
Real Estate Officer  
Phone: 555-1234

**FIGURE 4-4: SAMPLE NOTICE OF ELIGIBILITY, NON-RESIDENTIAL MOVE**

Dear Ms. Business Operator:

Upon the airport's acquisition of your present business site, you will be entitled to certain payments and assistance to move your personal property to a replacement property, and certain costs of reestablishing your business at the replacement site. Your eligible payment amounts have been determined in accordance with the Airport Authority's approved relocation assistance program for Federally assisted projects. Please refer to the enclosed brochure entitled, "Land Acquisition for Public Airports", for detailed information on the airport's relocation assistance process. Your payment eligibility is estimated as follows, as subject to the cited conditions.

**1. Moving and Storage expenses.** You are entitled to actual, reasonable, and necessary eligible expenses for moving your personal property to the replacement site, and for the reconnection and reinstallation of machinery and equipment relocated to the replacement site. The cost of this move may be accomplished by a **COMMERCIAL MOVER** and other required services supported by receipted bills, not to exceed \$\_\_\_\_\_, which is the lower of two bids received to perform eligible work. At your option you may choose to take responsibility for a **SELF MOVE**, and upon completion of a move you may claim an amount negotiated based on the estimated cost of the work you propose to assume. A separate self move agreement will be executed that lists all or some of the required work, for which you are assuming responsibility. You are eligible for reasonable and necessary storage expense for up to 12 months following your move date. The moving costs estimates are based on the inventory of personal property items to be moved as of (DATE), and ultimate reimbursable costs will be affected by any substantial change in this inventory or changes to other specifications of the work required..

**2. Loss of Tangible Personal Property and Substitute Item.** At your option, you are entitled to be paid the lesser of moving cost, or the value in place of items which you choose not to relocate. Also, for eligible items which you choose not to move but promptly replace at your new location, you may claim the lesser of moving costs or the cost of the substitute items. Items claimed under this option will be deleted from the above eligibility for moving costs. All items claimed under this category must be sold or bona fide attempt made to sell a marketable item, and sale proceeds verified and deducted from your relocation payment claim to the airport.

**3. Reestablishment Expenses.** You may be eligible for up to \$10,000 for cost to reestablish your business at the new location. These costs may include certain costs not eligible for reimbursement as moving cost. Eligible reestablishment expenses are enumerated in the brochure provided.

**4. High bulk low value items.** The airport agrees to pay you \$\_\_\_\_\_ for the attached listing of items and stockpiled goods. (For items where the cost of a move exceed their current value.)

To assure your eligibility for moving payments you must advise the airport at least 5 working days prior to commencing your move. The airport is required to monitor your move and verify cost claimed represent actual, necessary, and reasonable costs incurred on your move. Attached is a moving cost claim form for your use in claiming your eligible moving costs reimbursement. The airport requires adequate documentation of all cost incurred which you will want to claim for reimbursement. Ms. Karen Wilson, Airport Relocation Officer, who has previously worked with you to secure needed inventory and moving cost bids, may be contacted throughout the moving process to assist your move and assure you have sufficient cost documentation to support your claims for eligible relocation payments. Ms. Wilson's phone number is 555-1234.

At this time it is necessary to advise you that you will have at least 90 days to remain on your property. At a later date, and after the Airport Authority has acquired the property, you will be provided a 30 day notice citing a specific date for you to vacate the acquired property. **(AS APPLICABLE FOR TENANTS)** However, please be advised that prior to the Airport Authority acquisition of your leased property you remain obligated to your present lease for payment of rent and other terms and conditions of your lease. Please do not hesitate to contact Ms. Wilson should you have any questions or concerns regarding your relocation.

AIRPORT MANAGER

**FIGURE 6-1: DSS INSPECTION AND CERTIFICATION**

Parcel: \_\_\_\_\_ Project: \_\_\_\_\_ AIP #: \_\_\_\_\_  
 Displacee Name: \_\_\_\_\_ 180 Day Owner: \_\_\_\_\_ 90 Day Occupant: \_\_\_\_\_  
 Displacement Address: \_\_\_\_\_

Displacement Dwelling DSS? \_\_\_ Y \_\_\_ N (cite deficiencies: \_\_\_\_\_)

Replacement Dwelling Address: \_\_\_\_\_

Dwelling Type: Owned \_\_\_ Rented \_\_\_

Single Family: \_\_\_ Multi-Family: \_\_\_ Apartment: \_\_\_ Room/Dorm: \_\_\_\_\_  
 Condo/Coop: \_\_\_ Mobile Home: \_\_\_, ID/Tag #: \_\_\_\_\_

Bedrooms required for displaced household. \_\_\_ Bedrooms provided in replacement. \_\_\_\_\_

**INSPECTION REPORT**

Does the replacement dwelling conform with the following standards for Decent, Safe, and Sanitary Housing?

	YES	NO
1. Conforms with local housing and occupancy codes?	_____	_____
2. Structurally sound, weathertight, and in good repair?	_____	_____
3. Contains a heating system able to maintain 70 °F in living area?	_____	_____
4. Has an adequate, safe electrical wiring system?	_____	_____
5. Has separate bathroom facilities that conform to DSS standards? (private, hot/cold water to sink & shower/tub, sewer connection, flush water closet, all in working order)	_____	_____
6. Has kitchen facilities which conform to DSS standards? (hot/cold water to sink, connected to sewer, range/refrig space & utility connection, all in working order)	_____	_____
7. Has adequate unobstructed egress?	_____	_____

8. Is property barrier free to accommodate disabled displaced person? \_\_\_ Yes \_\_\_ \* No \_\_\_ N/A  
 \* If No, describe property improvements to be made to provide barrier free ingress, egress, or use of property as required to accommodate disabled person(s) prior to occupancy. \_\_\_\_\_

\*\*\*\*\***CERTIFICATION**\*\*\*\*\*

TO THE BEST OF MY KNOWLEDGE, BASED ON VISUAL INSPECTION OF THE PROPERTY, THE REPLACEMENT DWELLING MEETS THE STANDARDS FOR DECENT, SAFE, AND SANITARY HOUSING, AS ESTABLISHED IN THE RELOCATION ASSISTANCE PROCEDURES OF THE AIRPORT AUTHORITY AND CONFORMING TO 49 CFR PART 24 FOR FEDERALLY ASSISTED PROJECTS.

THE DWELLING DOES NOT PRESENTLY CONFORM TO DSS REQUIREMENTS, BUT CAN BE MADE TO CONFORM BY ACCOMPLISHING THE FOLLOWING PRIOR TO PURCHASE AND OCCUPANCY. \_\_\_\_\_

THIS DETERMINATION IS MADE ON BEHALF OF THE AIRPORT AUTHORITY, AND IS MADE SOLELY FOR PURPOSES OF DETERMINING ELIGIBILITY FOR REPLACEMENT HOUSING PAYMENTS.

DATE: \_\_\_\_\_ INSPECTOR/AGENT: \_\_\_\_\_

The DSS certification is based on a visual inspection of the property condition prior to purchase. A displacee may also have the purchase of a replacement dwelling conditional upon a satisfactory commercial home inspection of the property. The cost of an inspection secured by the displaced person is a reimbursable incidental cost described at paragraph 6-14.

**6-5. CLAIMS FOR REPLACEMENT HOUSING PAYMENTS.** A displaced person must file a written claim with the sponsor on a form provided by the sponsor. The claim shall be filed within 18 months after the date the applicant moves from the displacement dwelling, or the date of the final payment for the acquisition, whichever is later. Appendix 1 list recommended claim forms that may be used for the sponsor's program.

A replacement housing payment is personal to the displaced person and shall not be paid to heirs or assigns upon the untimely death of the displacee prior to purchase/lease of a replacement dwelling. Survivor occupants of the displaced household remain eligible for payment, and legal obligations of the estate in connection with the selection of replacement dwelling may be claimed and paid to the estate.

**6-6. MULTIPLE OCCUPANCY OF ONE DISPLACEMENT DWELLING.** If two or more occupants of the displacement dwelling move to separate replacement dwellings, each occupant is entitled to and may claim a reasonable prorated share, as determined by the sponsor, of any relocation payments that would have been made if the occupants moved together to a comparable replacement dwelling. However, if the sponsor determines that two or more occupants maintained separate households within the same dwelling, such occupants have separate entitlements to relocation payments.

**6-7. CONVERSION OF PAYMENT.** A displaced person who initially rents a replacement dwelling and receives a rental assistance payment, but then purchases and occupies a replacement dwelling within the prescribed 1-year period, is eligible to receive a replacement housing payment not to exceed \$22,500 or a downpayment not to exceed \$5,250 if the eligibility criteria for such payment is met. However, any portion of the rental assistance payment that has been previously disbursed to the displaced person shall be deducted from a subsequent replacement housing payment or downpayment.

## SECTION 2. 180 DAY OWNER OCCUPANTS

**6-8. REPLACEMENT HOUSING PAYMENT ELIGIBILITY.** A displaced owner-occupant is eligible for a replacement housing payment if the displaced person:

a. Has actually owned and occupied the displacement dwelling for not less than 180 days immediately prior to the initiation of negotiations, or the issuance of a written notice of intent to acquire the property; and

b. Purchases and occupies a decent, safe, and sanitary replacement dwelling within one year after the later of the following dates (except that the sponsor may extend the one year period for good cause):

(1) The date the displaced person receives final payment for the displacement dwelling; or

(2) In the case of condemnation, the date the full amount of the **estimate** of just compensation is deposited in court (filing date); or

(3) The date the sponsor has made available to the displaced person at least one comparable replacement dwelling. (See paragraphs 6-1 and 4-11c.)

**6-9. REPLACEMENT HOUSING PAYMENT.** The replacement housing payment for an eligible 180-day owner-occupant may not exceed \$22,500, except when under housing of last resort procedures. The payment is limited to the amount necessary to relocate to a comparable replacement dwelling within one year from the date the displaced owner-occupant is paid for the displacement dwelling, or the date a comparable replacement dwelling is made available to such person, whichever is later. The payment shall be the sum of:

a. The price differential should the eligible cost of the replacement dwelling exceed the acquisition cost of the displacement dwelling, as described in paragraph 6-10; and

Judgment also must be applied on the individual payment calculation to assure the selected comparable is representative of the apparent market norm. Factors to be considered would be the sales price experience of the selected comparable's immediate neighborhood, the listing's "Days-on-the-Market" (DOM) exposure and prior list price adjustments, and other factors that may affect whether the calculated adjustment is applicable to the selected comparable. The displacee must be provided with sufficient eligibility to allow their "best" offer to be made for the purchase of a comparable replacement dwelling. If the displaced person elects to buy the "Selected" comparable (as defined in paragraph 6-10(b) above), but cannot acquire this property for the adjusted price, it is necessary to increase the replacement housing payment to the actual purchase amount. This occurrence should **not** be pervasive in a sponsor's relocation program.

**d. Documentation and Certification.** Sponsor use of the form entitled "Replacement Housing Payment Eligibility, 180 Day Owner Occupant" provided with Appendix 1 is suggested to facilitate sponsor documentation of the adequacy of the replacement housing payment eligibility determination. To the extent provided in this AC, and as conforming to Uniform Act mandates, the sponsor shall consider reasonable costs and program economy in the determination of replacement housing payment eligibility.

**6-11. SPECIAL SITUATIONS AFFECTING PRICE DIFFERENTIAL.** Various situations typically arise that will affect the calculated and actual amount of the price differential that a displaced person is eligible to receive. These situations generally result in a carve-out procedure or an adjustment of some type, as described for the following occurrences.

**a. Administrative Settlement.** An administrative settlement is any settlement made by the sponsor for acquisition of real property that exceeds an approved amount offered as just compensation. By normal calculation of the price differential, the replacement housing payment eligibility is reduced by the amount of the increase in the acquisition cost incurred by the administrative settlement.

**b. Condemnation Award.** An advance replacement housing payment may be computed and paid to a property owner when the final settlement amount will be delayed pending the outcome of condemnation proceedings. Payment of such amount may only be made upon the owner-occupant's agreement that upon final determination of the condemnation proceedings, the replacement housing payment will be recomputed using the acquisition price determined by the court and the displaced person will refund to the sponsor the amount of any excess payment.

**c. Carveouts.** Carveouts must be made when the acquired property has certain attributes, as discussed below, which are not available at reasonable cost on otherwise comparable available dwellings, or the acquired dwelling is part of a mixed use property.

**(1) Site Attributes and Improvements.** If the selected comparable replacement property does not contain a site improvement found on the displacement property, the contributory value of the improvement, such as a garage, out-building, swimming pool, etc., shall be deducted (carved-out) from the cost of the acquired dwelling in calculating the replacement housing price differential eligibility. A carve out is not necessary unless the particular site improvement represents a significant value as indicated in the appraisal of the acquired property. The appraisal of the acquired property should not arbitrarily assign a contributory value for site improvements that are highly depreciated and/or which the market considers only of nominal value.

Where a site attribute consists of a land or location feature, such as waterfront location or golf course frontage, which is unavailable at reasonable cost on the selected most comparable property available, the contributing market value of the attribute shall also be carved-out from the acquisition cost of the property in determining the replacement housing payment eligibility. A carve-out is only necessary to the extent of the contributory value that may be derived for the attribute from the approved appraisal of the acquired property.

**(2) Tracts Larger Than Typical Residential Size.** When the acquired tract is significantly larger than the typical residential tract available as comparable replacement properties, the sponsor shall carve out the value of the dwelling and typical homesite for the area from the total acquisition price and use this value as the acquisition cost to calculate the price differential eligibility. However, should comparable property be available at reasonable cost with the larger lot feature a carve out is not necessary. Also, exact one to one correspondence between lot sizes is not necessary as it is likely that the market regards and values a range of lot sizes permitted for single homesite as relatively equal, e.g., 3-5 acs, 7-15 acs., over 20 acs.

**(3) Dwelling on Land With Higher and Better Use.** When the acquired dwelling is located on a property where the appraised and/or final settlement value is established on a higher and better land use than residential, the price differential eligibility is the adjusted list price of a comparable replacement dwelling minus the **GREATER** of the following, **NOT TO EXCEED** the actual cost of the property acquired for the airport project.

- a. The HBU development value of the land for an area of a typical residential lot plus the contributory value of the dwelling; or
- b. The value of a typical residential lot and the dwelling for continued residential use.

**(4) Residential/Business or Farm Operation Properties.** When a displacement dwelling is part of an acquired "mixed-use" property containing a business or part of a significant farm operation, the value of the residence and typical home site may be carved out from the acquisition payment in calculating the price differential eligibility for purchase of a replacement dwelling. A carve-out is not necessary for small "in-home" businesses where substantial alterations have not been made to accommodate the business, i.e., bookkeeping service, small beauty salon, small engine repair shop, etc.

**d. Partial Acquisition.** When the acquisition of a portion of a typical residential property causes the displacement of the owner from the dwelling and the remainder is a buildable residential lot, the sponsor may offer to purchase the entire property. If the owner refuses to sell the remainder to the sponsor, the market value of the remainder may be added to the acquisition cost of the displacement dwelling for purposes of computing the replacement housing payment. A sponsor shall only apply this option on a project wide basis.

**e. Owner-Occupant of Multi-Family Dwelling.** The comparable dwelling shall be the same as that acquired; i.e., if the acquired property is a triplex, then the comparable shall be a triplex. If triplex comparables are not available, then structures of the next lowest density (duplex) must be used. If there are no comparable multi-family structures available, then single family property may be used as comparable housing. A structure higher in density than the structure being acquired is not comparable replacement housing. When a comparable multi-family property is not available at reasonable cost, then the portion of the acquisition cost that constitutes the owner's occupied unit is used to calculate the price differential eligibility.

In cases where the displaced household is occupying more than one unit of a multi-family unit, single family replacement housing may be offered as the available replacement dwelling, however it is not necessary to replace or carve-out duplicated residential property components that may occur on the acquired occupied property, such as additional kitchens, heating systems, etc..

**f. Occupant With A Partial Ownership.** When a single family dwelling is owned by two or more persons and occupied by one or more of the owners, the replacement housing payment will be the lesser of:

- (1) The difference between the owner-occupant's share of the acquisition cost of the displacement dwelling and the actual cost of the replacement dwelling, or
- (2) The difference between the total acquisition cost of the displacement dwelling and the amount determined by the sponsor as necessary to purchase a comparable dwelling.

**g. Owner Retention.** The payment when computed based on the cost of relocating the retained dwelling, may not exceed the displaced person's calculated eligibility for the purchase of the selected comparable dwelling. Also, to be eligible for this payment, the dwelling must be relocated to a site beyond the noise impact area surrounding the airport to preclude additional expenditure on the same dwelling by the sponsor for subsequent acquisition or sound insulation.

**h. Upgrading of Replacement Dwelling.** A displaced person upgrading a decent, safe, and sanitary replacement dwelling may claim and be reimbursed only for the reasonable rehabilitation and/or home improvement cost incurred or committed at the time of purchase and occupancy of a Decent, Safe, and Sanitary (DSS) replacement dwelling. Costs for excessive ornamentation, or unusual and atypical features are not eligible for reimbursement on a

replacement housing payment claim. The sponsor's obligation for replacement housing payment is met when the displaced person purchases and occupies the DSS replacement dwelling and additional costs incurred subsequent to closing the dwelling purchase are therefore ineligible.

**i. Previously Owned Dwelling.** When a displaced person relocates to a previously owned DSS dwelling the price differential eligibility is the lesser of the adjusted list price of a comparable replacement dwelling or the current fair market value of the previously owned dwelling minus the acquisition cost of the acquired property.

**6-12. RENTAL ASSISTANCE PAYMENT FOR 180-DAY HOMEOWNER.** An 180-day homeowner-occupant, eligible for a replacement housing payment, that elects to rent a replacement dwelling, is eligible for a rental assistance payment not to exceed \$5,250. Such payment would be computed and disbursed in accordance with paragraph 6-16 of this AC.

**6-13. MORTGAGE INTEREST DIFFERENTIAL (MID).** A MID payment is provided to a displaced person to compensate for the increased interest costs the person would otherwise incur when financing a replacement dwelling. The MID payment is an amount which will reduce or "buydown" the displaced person's mortgage balance on a new mortgage to an amount which could be amortized with the same monthly payment for principal and interest cost. To compute the MID eligibility, the remaining principal balance, interest rate, and monthly principal and interest payments for the pre displacement mortgage as well as an available replacement mortgage must be obtained and documented. The interest rate on the acquired dwelling shall be based on a bona fide recorded mortgage or other recorded documentation. In addition, the MID payment shall include other debt service costs normal to the area of the replacement dwelling, if not paid as incidental cost, and shall be based only on bona fide mortgages that were valid liens on the displacement dwelling for at least 180 days prior to the initiation of negotiations.

**a. MID Eligibility Calculation.** The MID eligibility is the amount required to compensate for any additional interest cost necessary to purchase a replacement dwelling, not to exceed the cost of a conventional mortgage available at the prevailing fixed interest rate currently charged by mortgage lending institutions in the area in which the replacement dwelling is located. For acquired properties subject to a fixed rate mortgage, the pre-displacement interest rate is compared to the prevailing fixed interest rate. For acquired properties subject to a adjustable rate mortgage (ARM), the computation of the MID eligibility is based on the lesser of the interest rate variance between the pre-displacement rate as of the date of acquisition versus the current fixed rate, or the variance between the maximum interest rate or "Cap rates" of the pre-displacement and replacement ARM's with equivalent rate index and adjustment specifications. Under conditions of falling interest rates it would be expected that the rate differential before and after displacement is zero or less and a MID eligibility would not exist. Under conditions of rising interest rates it is likely a MID eligibility is necessary given the increased interest cost of an available replacement mortgage. Figure 6-3 provides a sample MID eligibility calculation for a fixed rate mortgage using FAA Form 5100-123, and Figure 6-4 provides a sample calculation for an ARM, using FAA Form 5100-123-ARM.

**b. MID Payment Calculation.** Actual payment of a MID to a displaced person is contingent upon a mortgage being placed on the replacement dwelling. The MID payment eligibility is based on the unpaid mortgage balance(s) and remaining term of the mortgage(s) on the displacement dwelling, or the term of the new mortgage, whichever is shorter. In the event the person obtains a smaller mortgage than the reduced mortgage balance(s), the computed payment eligibility is prorated and reduced accordingly. In the case of a home equity loan, the unpaid balance used to calculate the payment is the balance which existed 180 days prior to the initiation of negotiations, or the balance on the date of acquisition, whichever is less.

FIGURE 6-3

<b>Mortgage Maintenance Payment Computation</b>	
U.S. Department of Transportation <b>Federal Aviation Administration</b>	
<b>Required Information</b>	
Displacee:	Parcel Number:
1. Remaining principal balance on old mortgage.	<u>\$100,000</u>
2. Remaining amortization term of old mortgage as of date of acquisition. (Calculated in <b>Step A. of Payment Calculation</b> section below.)	<u>336 Months</u>
3. Annual interest rate on old mortgage.	<u>6.5%</u>
4. Monthly Payment:  Existing monthly payment (actual payment as of date of acquisition), or; If the term of the replacement mortgage (line 6) is less than existing mortgage (line 2), use the shorter amortization term of the replacement mortgage to calculate a hypothetical monthly payment for the existing mortgage.	<u>\$647</u>
5. Replacement mortgage amount.(Enter lesser of actual amount or old balance amount, line 1)	<u>\$100,000</u>
6. Amortization term of replacement mortgage.	<u>360 Months</u>
7. Annual interest rate of replacement mortgage. (Shall not exceed the prevailing fixed-term interest rate for conventional (non-government insured) mortgages currently charged by lenders in the area in which the replacement dwelling is located.)	<u>8.25%</u>
8. Purchaser's points and loan origination or assumption fees which are not paid as an incidental expense. (Not to exceed market norms.)	<u>1%</u>
<b>Payment Calculation</b>	
<b>A. Amortization period, LESSER OF:</b>	
<b>(1) Existing Mortgage Calculated Term:</b> <u>\$100,000</u> with a monthly payment <u>\$647</u> @ interest rate <u>6.5%</u> = <u>336</u> months. <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Line 1</span> <span>Actual Amount</span> <span>Line 3</span> </div>	
<u>336 Months</u>	
<b>(2) Term of Replacement Mortgage:</b> <u>360</u> months. <div style="text-align: center; font-size: small;">Line 6</div>	
<b>B. Amount of reduced loan having a monthly amortization payment of:</b>  <u>\$647</u> for <u>336</u> months at an annual rate of <u>8.25%</u> . <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Line 4</span> <span>Line A</span> <span>Line 7</span> </div>	
<u>\$84,696</u>	
<b>C. Amount of mortgage reduction:</b> <u>\$100,000</u> less <u>\$84,696</u> <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Line 1</span> <span>Line B</span> </div>	
<u>\$15,304</u>	
<b>D. Points and fees.</b> <u>1%</u> X <u>\$84,696</u> <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Line 8</span> <span>Line B</span> </div>	
<u>\$847</u>	
<b>E. PAYMENT: Total of Lines C and D.</b>	
<u>\$16,151</u>	
<b>F. If the actual new mortgage is less than Line B:</b> \$ _____ divided by \$ _____ = _____ % X \$ _____ <div style="display: flex; justify-content: space-between; font-size: small;"> <span>New Mortgage Amount</span> <span>Line B</span> <span>Line E</span> </div>	
\$ _____	

**FIGURE 6-4**

Mortgage Interest Differential (MID) Payment Eligibility Computation for Acquired Property Subject to an Adjustable Rate Mortgage (ARM)			
U.S. Department of Transportation Federal Aviation Administration			
<b>I. Interest Rate Differential</b>			
<b>A. Existing ARM:</b>			
1. Adjusted interest rate as of the date of acquisition.			<u>5%</u>
<b>2. Cap Rate, initial rate plus overall adjustment Cap:</b>			<u>11%</u>
Existing Rate Specifications: Initial Rate: <u>5 %</u> ; Rate Index: <u>1 year T-Security</u> ; Margin: <u>2.75%</u> ; Periodic Adjustment Cap: <u>2%</u> ; Overall Adjustment Cap: <u>6%</u>			
<b>B. Replacement Fixed-term Interest Rate:</b>			<u>8.25%</u>
<b>C: Available Replacement ARM Cap Rate, (initial rate plus overall adjustment Cap):</b>			<u>11.75%</u>
Rate Specifications: Initial Rate: <u>5.75%</u> To be comparable to the existing mortgage this ARM must have equivalent rate index, margin, and adjustment specifications, as noted in A2. above.			
<b>D. Rate Differential:</b>			
1. Fixed-term rate <u>8.25%</u> less existing mortgage rate as of acquisition <u>5%</u> =			<u>3.25%</u>
	(line B)	(line A1.)	
2. Replacement ARM Cap rate <u>11.75%</u> less existing mortgage Cap rate <u>11%</u> =			<u>.75%</u>
	(line C)	(line A2.)	
IF D1<= D2, Enter A1 in line 3 of Section II.A. (*)below and Enter B in line 7 of Section II.A.(**) below, or; IF D1>D2, Enter A2 in line 3 of Section II.A. (*)below and Enter C in line 7 of Section II.A. (**)below.			
<b>II. Payment Eligibility Computation</b>			
<b>A. Required Information/Calculations:</b>			
1. Remaining principal balance on old mortgage.			<u>\$100,000</u>
2. Remaining amortization term of old mortgage as of date of acquisition.			<u>354 Months</u>
3. Applicable interest rate of old ARM for payment computation.(**From Section I.D. above)			<u>11%</u>
4. Monthly Payment: Mortgage Balance <u>\$100,000</u> @ <u>11%</u> for <u>354</u> months =			<u>\$954</u>
	(line 1)	(line 3)	(lesser of line 2 or 6)
5. Replacement mortgage amount.			<u>\$100,000</u>
6. Amortization term of replacement mortgage.			<u>360 Months</u>
7. Applicable interest rate of replacement mortgage. (**From Section I.D. above.)			<u>11.75%</u>
8. Purchaser's points and loan origination or assumption fees.			<u>1%</u>
<b>B. Amount of reduced loan having a monthly amortization payment of:</b>			<u>\$94,376</u>
<u>\$954</u> for <u>354</u> months at an annual rate of <u>11.75%</u> .			
	(line A4)	(lesser line A2 or A6)	(line A7)
<b>C. Amount of mortgage reduction: <u>\$100,000</u> less <u>\$94,376</u></b>			<u>\$5,624</u>
	(line A1)	(line B)	
<b>D. Points and fees. <u>1% X \$94,376</u>=</b>			<u>\$944</u>
	(line A8)	(line B)	
<b>E. PAYMENT ELIGIBILITY: Total of Lines C and D.</b>			<u>\$6,568</u>
<b>F. If the actual new mortgage is less than Line B:</b>			
\$ _____ divided by \$ _____ = _____ % X \$ _____			\$ _____
New Mortgage Amount		Line B	Line E

**c. Reimbursable Loan Points.** In addition to the computed buydown amount, the MID payment includes purchaser's points and loan origination or assumption fees to the extent:

- (1) They are not paid as incidental expenses;
- (2) They do not exceed rates normal to similar real estate transactions in the area;
- (3) The sponsor determines them to be necessary; and
- (4) The computation of such points and fees is based on the loan balance of displacement dwelling, less the buydown amount.

**d. Additional Pre Displacement Mortgage Liens.** When a displaced person has second or lesser priority mortgage liens an overall MID eligibility is computed based on the available conventional mortgage financing of the total outstanding loan balance on the acquired property. Normally it would be expected that a single first lien mortgage would be secured to purchase a replacement property and a MID payment would be made to the extent which this mortgage interest exceeded the interest rates on the mortgage loan balances of the acquired property, not to exceed the prevailing fixed interest rate cost. Where second mortgage financing is required for a displaced person to secure a replacement dwelling the MID calculation and actual payment shall be based on a comparison of the second mortgage rates.

#### **6-14 INCIDENTAL EXPENSES.**

**a.** The incidental expenses to be paid are those necessary and reasonable costs actually incurred by the displaced person incident to the purchase of a replacement dwelling. Such costs, customarily paid by the buyer, may include the following items:

- (1) Legal, closing, and related costs, including those for title search, preparing conveyance instruments, notary fees, preparing surveys and plats, and recording fees. (For plats, the only necessary information is the legal description of the property, perimeter boundaries, and metes and bounds descriptions.) Costs are not to exceed those of a normal comparable replacement dwelling.
- (2) Lender, FHA, or VA application and appraisal fees.
- (3) Loan origination or assumption fees that do not represent prepaid interest up to the amount of the mortgage on the displacement dwelling.
- (4) Certification of structural soundness and termite inspection when required.
- (5) Credit report.
- (6) Owner's and mortgagee's evidence of title, e.g., title insurance, not to exceed the costs for a comparable replacement dwelling.
- (7) Escrow agent's fee.
- (8). State revenue or documentary stamps, sales or transfer taxes (not to exceed the costs for a comparable replacement dwelling).
- (9). Such other costs as the sponsor determines to be incidental to the purchase.

(2) Such variation should never result in a lowering of housing standards, nor should it ever result in a lower quality of living style for the displaced person. The physical characteristics of the comparable replacement dwelling may be dissimilar to those of the displacement dwelling, but they may never be inferior. Examples of variations that may be used are:

- a. The use of a new mobile home to replace a very substandard conventional dwelling in an area where comparable conventional dwellings are not available.
- b. The use of a superior, but smaller decent, safe, and sanitary dwelling to replace a large, old substandard dwelling, only a portion of which is necessary for use as living quarters by the occupants.

**6-20. DISPLACED PERSON NOT MEETING LENGTH OF OCCUPANCY REQUIREMENTS.** The sponsor shall provide assistance to a displaced person who is not eligible to receive a replacement housing payment because of failure to meet length of occupancy requirements when comparable replacement rental housing is not available at rental rates within the person's financial means, which is 30 percent of the person's gross monthly household income. Such assistance shall cover a period of 42 months.

**6-21. CONSEQUENTIAL DISPLACEMENT.** Persons displaced by the acquisition of real property for a last resort housing project are entitled to all eligible benefits under the relocation assistance provisions. On a voluntary transaction the selling owner is not a displaced person and is not entitled to relocation assistance and payments (see paragraph 3-13).

**6-22. HOUSING OF LAST RESORT PAYMENTS.** Replacement housing payment requirements are described at paragraphs 6-5, 6-10, 6-11, 6-12, 6-13, 6-14, 6-16, and 6-17. However, under last resort housing procedures the rental assistance payments shall be made in installments. The number of installments is at the discretion of the airport owner. Except as provided at paragraph 6-5 (payment after death), the full payment eligibility is vested at displacement, whether or not there is any later change in the person's income or rent, or in the condition or location of the person's housing.





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